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Order 2001-12-26

Served: January 4, 2002



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 31st day of December, 2001

Essential Air Service at

**Laurel/Hattiesburg, Mississippi
Fort Dodge, Iowa
Mason City, Iowa
Watertown, South Dakota
Thief River Falls, Minnesota**

under 49 U.S.C. 41731 *et seq.*

**Dockets OST-2001-10685-3
OST-2001-10684
OST-2001-10682
OST-2001-10644
OST 2001-10642**

**ORDER PROHIBITING TERMINATION OF SERVICE AND
REQUESTING PROPOSALS**

Summary

By this order, the Department is (a) prohibiting both Express Airlines I (Express I) and Mesaba Aviation, Inc., d/b/a Mesaba Airlines (Mesaba), from terminating their unsubsidized services at Laurel/Hattiesburg, Mississippi, Fort Dodge and Mason City, Iowa, Watertown, South Dakota, and Thief River Falls, Minnesota; (b) requiring each carrier to maintain service between the communities and Memphis or Minneapolis for an initial 30-day period following the end of the notice period; and (c) requesting proposals from carriers interested in providing replacement service to one or more of the communities. (See Appendix A for maps.)

Background

On September 17, 2001, Mesaba filed separate 90-day notices of its intent to suspend its unsubsidized scheduled air service at Thief River Falls and Watertown, effective on January 1, 2002. Subsequently, on September 21, 2001, Mesaba filed 90-day notices to suspend service at Fort Dodge and Mason City, both also with an effective date of January 1, 2002. In addition, on September 21, 2001, Express I filed a 90-day notice of its intent

to suspend unsubsidized scheduled air service at Laurel/Hattiesburg, again with an effective date of January 1, 2002. Mesaba is the only carrier serving Fort Dodge, Mason City, Watertown and Thief River Falls; Express I is the only carrier serving Laurel/Hattiesburg. Specific details about the service at each community are provided below. In addition, Appendix B provides a summary of the historical passenger traffic based on a 10% sample of all ticketed passengers who flew in and out of each community.

Laurel/Hattiesburg

Express I, a Northwest Airlines code-share partner, currently serves the joint communities of Laurel and Hattiesburg through the Hattiesburg-Laurel Regional Airport. Service consists of three weekday round trips and two round trips each on Saturdays and Sundays to the Northwest hub airport at Memphis, Tennessee. One of the weekday round trips is provided on a nonstop basis, while the other two are operated on a one-stop basis via Meridian, Mississippi. Express I uses 34-seat, Saab 340 turboprop aircraft to serve the community.¹

The community's essential air service (EAS) determination, last reviewed by the Department in 1994 (Order 94-5-6), requires a minimum of two weekday round trips and two round trips each weekend period to Atlanta, Memphis, or New Orleans. The EAS determination also stipulates that service to either Atlanta or Memphis may be provided on a one-stop basis, while New Orleans service must be nonstop. During 2000, approximately 24,760 passengers used Express I's service at the Hattiesburg-Laurel Regional Airport.

The airport itself lies between the two communities, approximately 13 miles north of Hattiesburg. The Jackson, Mississippi, airport, approximately 100 highway miles to the northwest, is the closest airport with both jet and low-fare service. New Orleans International Airport is the closest large hub airport. It lies approximately 135 highway miles to the southwest and provides service to many domestic and international destinations.

On October 4, 2001, we received a letter signed by representatives of the Cities of Laurel and Hattiesburg, the Counties of Jones and Forest, and the Hattiesburg-Laurel Regional Airport.² The letter expressed the communities' firm objection to the loss of Express I's service and requested subsidy support to allow the carrier to continue to serve the communities. The letter also claimed that the events of September 11th were the principal reason that Express I was seeking to terminate its service and noted the airport's annual enplanements had nearly tripled over the previous six years.

¹ Official Airline Guide, December 1, 2001.

² A copy of that letter has been filed in the Correspondence Section of Docket OST-2001-10685.

Fort Dodge and Mason City

Mesaba Airlines currently provides the Fort Dodge Regional Airport and the Mason City Municipal Airport with four weekday round trips to Northwest Airlines' Minneapolis hub operated over a Fort Dodge – Mason City – Minneapolis routing. Three round trips are offered each weekend over the same routing. All service is provided using Mesaba's 30-seat, Saab 340 aircraft.

The Fort Dodge Regional Airport is located just to the northwest of the community. Fort Dodge lies approximately 96 highway miles northwest of Des Moines and approximately 190 highway miles northeast of the large hub airport at Omaha, Nebraska. Both of these airports offer a variety of services to other hub airports including Atlanta, Chicago, Cincinnati, and Denver.

The community's EAS determination was last reviewed in 1986 by the Department and requires a minimum of two round trips each weekday and over each weekend to any of the hubs of Chicago, Des Moines, Minneapolis-St. Paul, or Omaha. During calendar year 2000, Mesaba carried approximately 22,630 Fort Dodge passengers.

Mason City's EAS determination was also reviewed in 1986 in the same order (86-8-27) mentioned above. The community's EAS determination is identical to Fort Dodge's in that a minimum of two round trips each weekday and two each weekend are required with service to either the hubs at Chicago, Des Moines, Minneapolis-St. Paul, or Omaha.

The community is located approximately 128 miles north of Des Moines International Airport and 138 miles due South of the Minneapolis-St. Paul International Airport. During 2000, Mesaba carried approximately 23,630 Mason City passengers.

Watertown

Mesaba also serves Watertown, South Dakota to Minneapolis-St. Paul with a total of three round trips on weekdays and Sundays and two round trips on Saturdays. Service consists of a mix of nonstop and one-stop flights (via Aberdeen, South Dakota) with Saab 340 aircraft.

The Watertown Municipal Airport is located just to the northwest of the downtown area. The Watertown community is located approximately 217 highway miles west of the Minneapolis-St. Paul International Airport.

Watertown's EAS determination was last reviewed by the Civil Aeronautics Board (Order 84-3-85) in 1984. The determination requires a minimum of two weekday and two weekend round trips to Minneapolis-St. Paul and may be provided on a one-stop basis. During 2000, Mesaba carried approximately 11,850 passengers to and from the community.

Thief River Falls

Thief River Falls, Minnesota, is located in the northwest part of the state, approximately 330 highway miles northwest of the Minneapolis-St. Paul International Airport. Mesaba provides the community with two one-stop round trips each day to Minneapolis. The Thief River Falls Regional Airport is located south of the community and approximately 13,470 Mesaba/Northwest passengers used the local service during 2000.

The community's EAS determination was last reviewed by the Department in 1985 (Order 85-5-132). The determination requires a minimum of two weekday and two weekend round trips to Minneapolis and may be provided on a one-stop basis.

Request for Proposals

We request that any carriers interested in providing essential air service, with or without subsidy, at one or more of the communities mentioned above file their proposals within 20 days of the service date of this order. We ask that carriers submit proposals for two or three nonstop, one-stop, or two-stop round trips per day to the appropriate hub airport for the community or communities the carrier is submitting a proposal or proposals for. Service must be provided with 15-seat, or larger, pressurized aircraft. We will also entertain proposals to serve other hubs that provide access to the national air transportation system in order to give the Department and the communities as broad an array of proposals as possible from which to choose. Of course, as always, we will formally solicit each community's views on any service options we receive before making a long-term carrier selection decision. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data in Appendix B.

Procedures For Filing Proposals

For interested air carriers that are not familiar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f) and discusses in detail the process of seeking proposals, conducting financial and operational audits of the applicant carriers and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, and a copy of section 14 CFR 204.4 of the Department's regulations which deals with the information required of all applicants for authority to provide basic essential air service, and provides schedules giving our recommended form for submitting data required for determining the financial and operational ability of applicants to provide dependable air service.³

³ Copies of these documents can be obtained from: EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, DC 20590. Telephone requests for these documents are accepted at (202) 366-1053.

Community and State Comments

Each community and State is welcome to submit comments on the proposal or proposals at any time.⁴ Early in the proceeding, comments on the perceived strengths and weaknesses of the proposals would be particularly helpful to the Department. The civic parties may also express a preference for a particular carrier or proposal option at that time, if they choose. In any event, after we conclude rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.⁵

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.⁶ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

Requirement to Maintain Service

Express Airlines I is the only carrier providing scheduled air service at Laurel/Hattiesburg, Mississippi, and Mesaba Aviation is the only carrier providing scheduled air service at Fort Dodge and Mason City, Iowa, Watertown, South Dakota, and Thief River Falls, Minnesota. These communities are guaranteed to receive service under the EAS program, and 49 U.S.C. 41734 requires that we prohibit both Express I and Mesaba from terminating service for a 30-day period beyond the end of their 90-day notice periods, through January 30, 2002. We will require Express I to provide three round trips on weekdays and

⁴ Civic parties should file an original and five copies of their comments in Docket OST-2001-10642, OST-2001-10644, OST-2001-10682, OST-2001-10684, or OST-2001-10685, as appropriate. This filing should be addressed to: Docket Operations and Media Management Division, SVC-124, Office of the Secretary, U.S. Department of Transportation, Room PL 401, 400 Seventh Street, S.W., Washington D.C. 20590.

⁵ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service.

⁶ The regulations applicable to each of these areas are (1) 49 CFR Part 20, New Restrictions on Lobbying, Implementing title 31, United States Code, section 1352, entitled "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants) implementing the Drug-Free Workplace Act of 1988; (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs for the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the basis for Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance; and 14 CFR Part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

in total over the weekend in the Laurel/Hattiesburg-Memphis market. For Mesaba, we will require that it provide three round trips on weekdays and weekends to Minneapolis for Fort Dodge, Mason City and Watertown, and to continue to provide two round trips on weekdays and weekends in the Thief River Falls-Minneapolis market.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We request that carriers interested in providing essential air service at Laurel/Hattiesburg, Mississippi, Fort Dodge, Iowa, Mason City, Iowa, Watertown, South Dakota, and/or Thief River Falls, Minnesota, submit their proposals, with or without requests for subsidy, within 20 days of the service date of this order. An original and five copies of the proposal for each community, should be sent to the EAS and Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590, with the title: "Proposal to Provide Essential Air Service at Laurel/Hattiesburg, Mississippi, Docket OST-2001-10685, and/or Fort Dodge, Iowa, Docket OST-2001-10684, and/or Mason City, Iowa, Docket OST-2001-10682 and/or Watertown, South Dakota, Docket OST-2001-10644 and/or Thief River Falls, Minnesota, Docket OST-2001-10642; ⁷
2. The Department prohibits Express Airlines I, d/b/a Northwest Airlink, from terminating service at Laurel/Hattiesburg, Mississippi, at the end of its 90-day notice period, and requires it to maintain at least three nonstop or one-stop round trips each weekday and weekend to Memphis, Tennessee, through January 30, 2002, or until a carrier capable of providing reliable essential air service actually begins service, whichever comes first;
3. The Department prohibits Mesaba Aviation, Inc, d/b/a Mesaba Airlines, from terminating service at Fort Dodge and Mason City, Iowa, Watertown, South Dakota, and Thief River Falls, Minnesota, at the end of the 90-day notice periods, and requires it to maintain at least three nonstop (two for Thief River Falls) or one-stop round trips each weekday and weekend between each community and the Minneapolis-St. Paul International Airport, through January 30, 2002, or until a carrier capable of providing reliable essential air service actually begins service, whichever comes first;
4. The Department directs Express Airlines I, d/b/a Northwest Airlink, to retain all books, records, and other source and summary documents to support subsidy claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be

⁷ After serving a copy of its proposal on the civic officials of each community, as appropriate, and each of the other applicants, each applicant must then file a certification of service with the Department's Docket Operations and Media Management Division, SVC-124. Questions regarding filings in response to this order may be directed to Mike Waters at (202) 366-6494.

carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

5. The Department directs Mesaba Aviation, Inc, d/b/a Mesaba Airlines, to retain all books, records, and other source and summary documents to support subsidy claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

6. These dockets will remain open until further order of the Department; and

7. We will serve copies of this order on the Mayor and airport managers of Meridian and Laurel/Hattiesburg, Mississippi, Fort Dodge and Mason City, Iowa, Watertown, South Dakota, and Thief River Falls, Minnesota, the Governors of Mississippi, Iowa, Minnesota, and South Dakota, the Aeronautics Division of the Mississippi Department of Transportation, the Aviation Staff of the Iowa Department of Transportation, the Aeronautics Office of the Minnesota Department of Transportation, and the Office of Air, Rail & Transit of the South Dakota Department of Transportation, Express Airlines I, d/b/a Northwest Airlink, Mesaba Aviation, Inc, d/b/a Mesaba Airlines, and the carriers listed in Appendix C.

By:

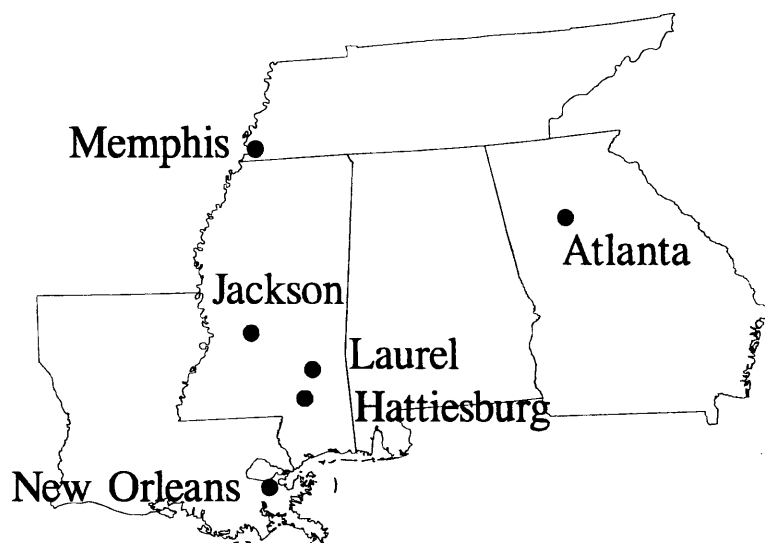
READ C. VAN DE WATER
Assistant Secretary for Aviation
and International Affairs

(SEAL)

An electronic version of this document is available on the World Wide Web at

<http://dms.dot.gov>

Area Map of Laurel/Hattiesburg, Mississippi



Area Map
Thief River Falls, Minnesota,
Watertown, South Dakota,
and Fort Dodge and Mason City, Iowa



Air Passenger Traffic At Laurel/Hattiesburg, Mississippi

Year	Number of Passengers¹
1994	9,070
1995	8,760
1996	14,600
1997	18,940
1998	18,760
1999	20,980
2000	24,760
2001	11,910 ²

Air Passenger Traffic At Fort Dodge, Iowa

Year	Number of Passengers
1994	16,320
1995	14,640
1996	12,270
1997	11,930
1998	17,200
1999	21,560
2000	22,630
2001	9,950

Air Passenger Traffic At Mason City, Iowa

Year	Number of Passengers
1994	32,280
1995	30,520
1996	28,490
1997	31,870
1998	29,610
1999	25,810
2000	23,630
2001	15,180

¹ Source: 10% Sample of Origination & Destination passenger traffic for years indicated, via Data Base Products, Inc.

² Data for 2001 is for first 6 months only.

Air Passenger Traffic At Watertown, South Dakota

Year	Number of Passengers³
1994	12,920
1995	12,960
1996	16,310
1997	18,570
1998	19,120
1999	16,400
2000	11,850
2001	5,360 ⁴

Air Passenger Traffic At Thief River Falls, Minnesota

Year	Number of Passengers
1994	5,610
1995	7,130
1996	6,570
1997	7,960
1998	10,810
1999	16,550
2000	13,470
2001	5,950

³ Source: 10% Sample of Origination & Destination passenger traffic for years indicated, via Data Base Products, Inc.

⁴ Data for 2001 is for first 6 months only.

SERVICE LIST FOR THE STATE OF IOWA

Aero Taxi Rockford, Inc.
Air Casino, Inc.
Air Wisconsin, Inc.
AirVantage, Inc.
Allied Airlines, Inc.
Amerijet International, Inc.
Bemidji Airlines
Chicago Air Taxi, Inc.
Chicago Express Airlines, Inc.
Corporate Airlines, Inc.
Delta Connection
Direct Air, Inc.
Dwyer Aircraft Sales, Inc.
Enterprise Airlines, Inc.
Executive Airlines, Inc.
Falcon Aviation, Inc.
Florida Air, Inc.
Gorda Aero Service, Inc.
Great Lakes Aviation, Ltd.
Heartland Aviation, Inc.
Imperial International, Inc.
Jet Services, Inc.
Mesaba Aviation, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Aviation
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest Airlink
Ottumwa Flying Service, Inc.
Redwing Airways, Inc.
Scott Aviation, Inc.
Simmons Airlines, Inc.
Thunderbird Aviation, Inc.
Trans North Aviation Ltd.
Trans States Airlines, Inc.
Westward Airways, Inc.
Wise Aviation Company

Chester Anderson
Louis Andrews
Ken Bannon
E.B. Freeman
Douglas Gumula
A. Edward Jenner
Dan Katzka
John McFarlane
Tracy Schoenrock
Gary L. White
Robert Wigmore

SERVICE LIST FOR THE STATE OF MINNESOTA

Air Casino, Inc.
Air Wisconsin, Inc.
AirVantage, Inc.
Allied Airlines, Inc.
Amerijet International, Inc.
Bemidji Airlines
Delta Connection
Executive Airlines, Inc.
Falcon Aviation, Inc.
Florida Air, Inc.
Great Lakes Aviation, Ltd.
Imperial International, Inc.
Jet Services, Inc.
Mesaba Aviation, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Aviation
Midwest Express Airlines, Inc.
Northwest Airlink
Planemaster Services Inc.
Scott Aviation, Inc.
Shawano Flying Service, Inc.
Thunderbird Aviation, Inc.
Trans North Aviation Ltd.
Welch Aviation, Inc.
Westward Airways, Inc.

Chester Anderson
Ken Bannon
Brad Elstad
E.B. Freeman
A. Edward Jenner
John McFarlane
Tracy Schoenrock

SERVICE LIST FOR THE STATE OF MISSISSIPPI

Air Midwest, Inc.
Amerijet International, Inc.
Atlantic Southeast Airlines, Inc.
Corporate Airlines, Inc.
Cotton Belt Aviation, Inc.
Delta Connection
Exec Express II, Inc.
Express Airlines I, Inc.
Express Airlines II, Inc.
Flagship Airlines Inc.
Gulfstream International Airlines, Inc.
L'Express, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest Airlink
Tropical Helicopter Airways, Inc.
Walker's International
Westward Airways, Inc.

Chester Anderson
Ken Bannon
Richard Thomas Clarke
Sabrina Cranor
E.B. Freeman
A. Edward Jenner
Dan Katzka
Wes Marden
John McFarlane
Reece Paterson
Bob Phillips
Wayne Trawick
Robert Wigmore
Danny Wright

SERVICE LIST FOR THE STATE OF SOUTH DAKOTA

Air Casino, Inc.
Air Wisconsin, Inc.
AirVantage, Inc.
Alpine Aviation, Inc.
Amerijet International, Inc.
Bemidji Airlines
Big Sky Transportation Co.
Corporate Air
Delta Connection
Dwyer Aircraft Sales, Inc.
Falcon Aviation, Inc.
Great Lakes Aviation, Ltd.
Heartland Aviation, Inc.
Imperial International, Inc.
Mesa Airlines, Inc.
Mesaba Aviation, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Aviation
Midwest Express Airlines, Inc.
Northwest Airlink
Renown Aviation, Inc.
Rocky Mountain Airways, Inc.
Thunderbird Aviation, Inc.
Westward Airways, Inc.

Ken Bannon
Brad Elstad
E.B. Freeman
Douglas Gumula
Ben Harrison
A. Edward Jenner
Bob Karns
William Kostel
John McFarlane
Gary L. White